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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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EXAMINER

SHRESTHA, BIJENDRA K

ART UNIT

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3691

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PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/679,071	Applicant(s) WOODRUFF ET AL.	
	Examiner BIJENDRA K. SHRESTHA	Art Unit 3691	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 20 February 2009.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 13-19 and 21-30 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 13-19 and 21-30 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Claims 1-30 and 41-43 are presented for examination. Applicant filed an amendment on 02/20/2009 amending claims 13, 16, 18, 21-23 and 25, and canceling the claims 1-12, 20 and 41-43. After careful consideration of applicant's amendments and arguments, new grounds of rejections of claims necessitated by Applicant's amendment are established in the instant application as set forth in detail below. Applicant's arguments with respect to claims have been considered but are moot in view of the new ground(s) of rejection.

Claim Rejections - 35 USC § 101

1. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 13-19 and 21-30 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Regarding claims 13-19 and 21-30, as best understood, it appears that the claimed method steps could simply be performed by mental process alone and are not statutory. The independent claim 13 is directed towards steps of "purchasing", "reselling", and "changing". Since the claims are directed to a process without including another statutory class of invention (i.e. machine, manufacture, or composition of matter), these claims fall within the scope of human intelligence alone, and are non-statutory.

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Based on Supreme Court precedent, a proper process must be tied to another machine or transform underlying subject matter to a different state or thing (*Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876)). Since neither of these requirements is met by the claim, the method is not considered a patent eligible process under 35 U.S.C. 101. To qualify as a statutory process, the claim should positively recite the other machine to which it is tied, for example by identifying the apparatus that accomplished the method steps or positively reciting the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

Claim Rejections - 35 USC § 103

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

3. *Claims 13-19, 21-22 and 30 are rejected under 35 U.S.C. 103(a) as being unpatentable over Jones et al., U.S. Pub No. 2004/0133494 (reference A in attached PTO-892) in view of Hall et al., U.S. Patent No. 7,099,841 (reference B in attached PTO-892).*

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4. As per claim 13, Jones et al. teach a computer-implemented method for supporting the issuance of a financial unit by an issuer (see Fig. 3), the method comprising:

purchasing, by a purchaser, a unit issued by the issuer, the unit including a fixed income security and a forward purchase contract, wherein the fixed income security and the forward purchase contract are separable (see Fig. 1 and Fig. 2; paragraph [0017], [0022], [0027], [0029] and [0037]; where purchaser purchases convertible note and forward contract which are separable), and

wherein the forward purchase contract obligates the purchaser to purchase a quantity of equity securities from the issuer of the unit at a settlement price no later than a settlement date specified in the forward purchase contract, wherein the quantity of equity securities purchased by the purchaser is determined by dividing the stated amount of the unit by the market price of the equity securities at the date the unit is issued (see paragraph [0039]); and

reselling, by the purchaser, after issuance of the unit, the fixed income security (see paragraph [0025]), purchasing, by the purchaser, a the quantity of equity securities specified in the forward purchase contract from the issuer of unit no later than a settlement date specified in the forward purchase contract (see Fig. 2; paragraph [0038]).

Jones et al. do not teach wherein at least a portion of funds associated with the reselling are electronically deposited by a computer device into an account of the issuer, wherein the computer device comprises a computer readable memory device that

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stores instructions which when executed by the computer device cause the computer device to electronically deposit the funds in the account of the issuer.

Hall et al. teach wherein at least a portion of funds associated with the reselling are electronically deposited by a computer device into an account of the issuer, wherein the computer device comprises a computer readable memory device that stores instructions which when executed by the computer device cause the computer device to electronically deposit the funds in the account of the issuer (see Fig. 1; Issuer's Computer (200), Buyer Computer (130), Seller Computer (120); and Fig. 4, Issuer (300), Fee (400); where a portion of proceeds from sales (fee) is provided to issuer) (Hall et al. column 10, lines 62-66).

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to include at least a portion of funds associated with the reselling are electronically deposited by a computer device into an account of the issuer, wherein the computer device comprises a computer readable memory device that stores instructions which when executed by the computer device cause the computer device to electronically deposit the funds in the account of the issuer of Jones et al. because Hall et al. teach including above features would enable to involve issuer in the transaction because issuer typically maintains the records of current owner and seller and buyer are required to notify ownership change to the issuer at the time of transaction and pay an associated fee for the transfer (Hall et al., column 2, lines 22-27).

5. As per claim 14, Jones et al. teach claim 13 as described above. Jones et al. further teach the method, wherein

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the equities securities include common stock (see paragraph [0037]; where common stock is ABC Corporation stock)).

6. As per claim 15, Jones et al. teach claim 13 as described above. Jones et al. further teach the method, wherein

the fixed income security is a bond (see Fig. 1, Convertible Note (110); paragraph [0022] and [0027]).

7. As per claim 16-17, Jones et al. teach claim 13 as described above. Jones et al. further teach the method comprising

receiving, by the purchaser from the issuer of the unit at least one forward purchase contract adjustment payment prior to the settlement date; and the amount of the at least one forward purchase contract adjustment payment is dependent upon the difference between the dividend rate and the interest rate (see paragraph [0051]; Examiner notes that contract payment at a rate of 7% to the holder depends upon interest rate on convertible note and dividend rate on equity securities in the issued unit).

8. As per claim 18, Jones et al. teach claim 16 as described above. Jones et al. further teach the method comprising

receiving at least one interest payment by a holder of the fixed income security after issuance of the unit (see paragraph [0039]; where holder (ABC) receives annual contract payment of 7.0% from the issuer (XYZ)).

9. As per claim 19, Jones et al. teach claim 18 as described above. Jones et al. further teach the method, wherein

the maturity date of the fixed income security of the unit is at least two years after the specified settlement date of the forward purchase contract (see paragraph [0025]).

10. As per claim 21, Jones et al. teach claim 13 as described above. Jones et al. further teach the method, wherein

reselling the fixed income security includes the purchaser reselling the fixed income security no later than the settlement date (see paragraph [0025]).

11. As per claim 22, Jones et al. teach claim 21 as described above. Jones et al. further teach the method, wherein

purchasing the quantity of equity securities specified in the forward purchase contract includes the purchaser purchasing the quantity of equity securities specified in the forward purchase contract with proceeds from resale of the fixed income security (see paragraph [0017] and [0039]).

12. As per claim 30, Jones et al. teach claim 13 as described above. Jones et al. further teach the method wherein

the issuer of the unit is not the issuer of the equity securities (see Fig. 1; Agent (106); paragraph [0015]; where a third party intermediary such as underwriters, support companies, trustees participate in issuing the unit).

13. *Claims 23-29 are rejected under 35 U.S.C. 103(a) as being unpatentable over Jones et al., U.S. Pub No. 2004/0133494 (reference A in attached PTO-892) in view of Hall et al., U.S. Patent No. 7,099,841 (reference B in attached PTO-892) further in view of Aberman et al., U.S. Pub No. 2006/0218069 (reference C in attached PTO-892).*

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14. As per claim 23-29, Jones et al. teach claim 13 as described above. Jones et al. further teach the method comprising

Jones et al. do not teach purchasing the fixed income security from a subsidiary of the issuer; the issuer of the unit guarantying payment obligations of the subsidiary; purchasing the fixed income security from a trust, wherein at least one of the issuer of the unit and a subsidiary of the issuer of the unit has an ownership interest in the trust; the issuer of the unit guarantying payment obligations of the trust; the fixed income security includes a trust-preferred security; the trust purchasing a second fixed income security; the trust purchasing a second fixed income security issued by a subsidiary of the issuer of the unit ; and the issuer of the unit is not the issuer of the equity securities.

Aberman et al. teach purchasing the fixed income security from a subsidiary of the issuer (see Fig. 1; paragraph [0028] and [0053]); the issuer of the unit guarantying payment obligations of the subsidiary (see paragraph [0034]; purchasing the fixed income security from a trust, wherein at least one of the issuer of the unit and a subsidiary of the issuer of the unit has an ownership interest in the trust and the issuer of the unit guarantying payment obligations of the trust (see Fig. 1; paragraph [0053]); the fixed income security includes a trust-preferred security (see Fig. 1; paragraph [0053] where REIT issues preferred stock); the trust purchasing a second fixed income security (see Fig. 1; paragraph [[0010], [0027] and [0028]; where REIT issues common stock to the parent 40 in return of contribution of REIT-eligible asset (include second fixed income securities such as mortgage backed securities) by the parent); the trust purchasing a second fixed income security issued by a subsidiary of the issuer of the

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unit (see paragraph [0010] and [0028]; REIT exchanges REIT-eligible asset with its common stock with its parent; the Examiner interprets REIT-eligible asset includes second fixed income security).

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to include purchasing the fixed income security from a subsidiary of the issuer; the issuer of the unit guarantying payment obligations of the subsidiary; purchasing the fixed income security from a trust, wherein at least one of the issuer of the unit and a subsidiary of the issuer of the unit has an ownership interest in the trust; the issuer of the unit guarantying payment obligations of the trust; the fixed income security includes a trust-preferred security; the trust purchasing a second fixed income security; the trust purchasing a second fixed income security issued by a subsidiary of the issuer of the unit ; and the issuer of the unit is not the issuer of the equity securities of Jones et al. because Aberman et al. teach including above features would enable corporation to receive tax-exemption in corporate rate-level income tax allowing deduction of its dividend payments thereby avoiding "double taxation" (Aberman et al., paragraph [0012] and [0022]).

Response to Arguments

15. New grounds of rejection of claims necessitated by Applicant's amendment have been established in the instant application. Applicant's arguments with respect to claims have been considered but are moot in view of the new ground(s) of rejection.

Conclusion

16. Accordingly, **THIS ACTION IS MADE NON-FINAL.**

The prior art made of record and not relied upon is considered pertinent to applicant's disclosures. The following are pertinent to current invention, though not relied upon:

Aberman et al. (U.S. Pub No. 2003/0225656) teaches financial instruments and method.

Bodurtha et al. (U.S. Pub No. 2003/0182219) teach total return asset contracts and associated processing systems.

Bogosian et al. (U.S. Patent No. 6,760,470) teach extraction of bank routing number from information entered by a user.

Farr (U.S. Patent No. 7,257,555) teaches method and system for providing dividend enhanced convertible stocks with acceleration triggers.

Fisher et al. (U.S. Pub No. 2004/0153388) teach method and system for coupling investments for project funding.

Rifkin (U.S. Patent No. 7,257,556) teaches method and system for providing mandatory convertible securities with associated senior debt instrument

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Bijendra K. Shrestha whose telephone number is (571)270-1374. The examiner can normally be reached on 7:00AM-4:30PM (Monday-Friday); 2nd Friday OFF.

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If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Alexander Kalinowski can be reached on (571)272-6771. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Alexander Kalinowski/
Supervisory Patent Examiner, Art
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